

Message Text

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PAGE 01 BELGRA 03288 201504Z

64

ACTION EUR-25

INFO OCT-01 ADP-00 PM-07 NSC-10 SS-15 RSC-01 CIAE-00

DODE-00 INR-10 NSAE-00 PA-03 USIA-15 PRS-01 NIC-01

ACDA-19 AID-20 COME-00 EB-11 FRB-02 TRSE-00 XMB-07

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R 201340Z JUL 73

FM AMEMBASSY BELGRADE

TO SECSTATE WASHDC 6805

INFO AMEMBASSY MOSCOW

USMISSION NATO

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMEMBASSY PRAGUE

AMCONSUL ZAGREB

LIMITED OFFICIAL USE BELGRADE 3288

E.O. 11652: N/A

TAGS: EMIN ECON YO UR

SUBJ: ENERGOINVEST AGREEMENT WITH SOVIETS

1. BORBA AND TANJUG REPORT THAT EMERIK BLUM, DIRECTOR OF LARGE SARAJEVO MINING, ENERGY AND MANUFACTURING CONGLOMERATE ENERGOINVEST, HAS SIGNED AGREEMENT IN MOSCOW FOR SALE OF SIX MILLION TONS OF ALUMINA TO USSR IN PERIOD 1976-1985. DEAL IS CALLED "LARGEST EVER" BETWEEN YUGOSLAV ENTERPRISE AND USSR.

2. DELIVERIES, VALUED AT ABOUT \$500-MILLION, WILL COME FROM ALUMINA PLANT IN ZVORNIK, BOSNIA, BEING CONSTRUCTED WITH HELP OF SOVIET CREDITS AND EQUIPMENT.

3. BLUM ESTIMATED THAT ENERGOINVEST'S TOTAL ANNUAL

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PAGE 02 BELGRA 03288 201504Z

EXPORTS TO USSR WILL REACH \$100-MILLION BY 1977, TAKING

ACCOUNT OF ANOTHER ARRANGEMENT JUST CONCLUDED FOR SALE
OF \$250 MILLION WORTH OF MACHINERY AND EQUIPMENT.

4. COMMENT: AGREEMENT MEANS THAT SOVIETS WILL RECEIVE
ALL OF ZVORNIK'S ALUMINA PRODUCTION OVER TEN-YEAR
PERIOD - IN PART AS REPAYMENT FOR \$140 MILLION CREDIT THEY
EXTENDED TO ENERGOINVEST IN JANUARY 1972. DYNAMIC AND
RESOURCEFUL BLUM HAS BEEN TRYING HARD TO OBTAIN LOCAL COST
FINANCING FROM U.S. COMMERCIAL BANKS FOR ELECTRIC PLANT WHICH
WILL SUPPLY POWER FOR NEW BOSNIA ALUMINUM COMPLEX. (EXIM
PRELIMINARY COMMITMENT HAS BEEN ISSUED). JUGOMETAL
EXECUTIVE TELLS US THAT THEY ARE IN DIFFICULT TECHNICAL
NEGOTIATIONS WITH SOVIETS ON ASSISTANCE WITH EXPANSION OF ANOTHER
ALUMINUM COMPLEX - AT TITOGRAĐ (MONTENEGRO). SOVIET CREDIT
WOULD COME UNBTR \$540-MILLION LINE EXTENDED LAST NOVEMBER. IN
THIS PROJECT ALSO YUGOSLAVS HOPE FOR U.S. ROLE -- SUPPLY OF
TECHNOLOGY AND EQUIPMENT FOR ALUMINUM FLUORIDE PLANT. (SEE
SEPTEL).
TOON

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